In re Rose, 206 Fed. 991. The view taken by the Supreme Court in the principal case is consistent with its general policy in favoring the time at which the petition was filed as "the line of cleavage with reference to the condition of the bankrupt estate." *Everett* v. *Judson,* 228 U. S. 474; *Zavelo* v. *Reeves,* 227 U. S. 625; *Acme Harvester Co.* v. *Beekman Lumber Co.,* 222 U. S. 300. In determining that, because the property belonged to the vendor, the contract transferred nothing from the bankrupt and therefore resulted in no diminution of his estate, the court followed the rule of *New York Co. Bank* v. *Massey,* 192 U. S. 138, which held that the deposit of money by an insolvent debtor in a creditor bank within four months of the debtor's bankruptcy was not a preference because the deposit created a debt owing from the bank to the depositor, and therefore there was no diminution of the latter's estate. Theoretically the decisions, both in the *Massey* case and in the principal case, are sound; practically, however, the result in both cases is that after the transaction complained of (in the *Massey* case the deposit, in the principal case the recording of the conditional sale contract) creditors are in a worse position than they were before. The Bankruptcy Act aims to avoid all transactions, within four months before bankruptcy, which have this result; but in the large classes of transactions like the *Massey* case and the principal case it unfortunately fails in its object.

BILLS AND NOTES—ACCEPTANCE ON ANOTHER PAPER.—The plaintiff held a claim against X, who delivered to the plaintiff two checks drawn by X in favor of the plaintiff on the defendant bank, and intended as payment of the claim. Both checks were post-dated, and were received provisionally by the plaintiff on the understanding that an arrangement could be made with the bank to take care of the checks. The bank's president in consultation with the plaintiff and drawer, delivered to the plaintiff a writing by which the bank agreed to remit the sums on the dates when due. On the faith of this agreement the plaintiff received the checks in extinguishment of the claim, and turned them over to the bank's president, who kept them. The draft for the amount of one check was sent in due time, but the bank refused to remit for the amount of the other. The plaintiff recovered for this latter amount in the lower court, but upon appeal the judgment was reversed. *Swenson Bros. Co.* v. *Commercial State Bank of Coleridge,* (Neb. 1915), 154 N. W. 233.

By Rev. St. 1913 §5502: "A 'check' is a bill of exchange drawn on a bank payable on demand. Except as herein otherwise provided, the provisions of this chapter applicable to a bill of exchange payable on demand apply to a check," and by §5451: "Where an acceptance is written on a paper other than the bill itself, it does not bind the acceptor except in favor of a person to whom it is shown and who, on the faith thereof, receives the bill for value." In the instant case the last of these required elements is lacking. Though the plaintiff received the checks as payment of the claim, yet he parted with no property and gave no value, for them. * * * This much is decisive of the case, but there is dictum to the effect

that even had he surrendered value, to be allowed recovery he must have been without notice that the drawer had no money in the bank subject to check at the time.

BILLS AND NOTES—PURCHASER FOR VALUE.—The defendant made a promissory note to X. A bank, to which the plaintiff bank is successor, acquired this note as collateral security for the payment of X's note to it for a like amount, without any knowledge of anything that would have been a defense to the note as against X. After coming into possession of the note as collateral, the bank was notified by the defendant of matters that constituted a defense as between X and the defendant. After acquiring this knowledge the bank traded the note of X for the one of the defendant to X. In an action brought, the defendant pleaded these matters of defense. The lower Court held for the defendant, but this was reversed on appeal. *City National Bank* v. *Kelly* (Okla. 1915), 151 Pac. 1172.

The jurisdiction was one of those holding that one who takes a negotiable instrument as collateral security is a purchaser for value, and no part of the dispute arose on that point. The question was whether, after notice of the defects, the bank lost its rights as an innocent holder, by making the trade and thereby acquiring the absolute title. The theory on which the decision is based is that since a holder of a note as collateral could, in event of the failure of the payment for which the note is security, sell the collateral and purchase it himself, without losing any of his rights, so he might acquire absolute title in the manner described without letting any defenses intervene. But it would seem that there is a difference between those two situations. In the former instance, he would be purchasing from himself—a holder for value without notice—and therefore entitled to take the title of such holder. In the second instance —that of the instant case—he is purchasing the absolute title not from himself, but from X; as defenses exist against X, and he takes with notice, he is not a purchaser for value without notice, and should therefore be subject to the defenses. At least it might seem that should the state of facts arise again, the decision is not so convincing as to afford an impelling precedent.

CARRIERS—DE FACTO OFFICER.—In an action against a railroad, its special policeman, and another, for wrongful ejection and false imprisonment, the railroad defended on the ground that the arrest was made by an officer of the commonwealth, not a servant or employee of the railroad. A statute provided that the railroad might have certain persons appointed to act as policemen on trains, on execution of bond and taking the oath of office within a certain time after appointment. The person acting as officer in making this arrest had not complied with the statute, but the railroad contended that he was an officer *de facto* as between it and the party bringing suit. *Held,* a railroad, which had secured the officer's appointment, had no right to regard him as a *de facto* officer, because it was incumbent upon it to see that he was qualified to act as an officer *de jure* before giving the employment; and that the railroad was not in the position of a third